

 Wharton School Publishing

THE MOMENTUM EFFECT

↑
HOW TO IGNITE
EXCEPTIONAL
GROWTH

“This book shows you how to build momentum and leave your competitors trailing in your wake!”

—Sir Richard Branson

J.C. LARRECHE

Vice President, Publisher: Tim Moore
Associate Publisher and Director of Marketing: Amy Neidlinger
Wharton Editor: Yoram (Jerry) Wind
Acquisitions Editor: Martha Cooley
Editorial Assistant: Pamela Boland
Development Editor: Russ Hall
Digital Marketing Manager: Julie Phifer
Marketing Coordinator: Megan Colvin
Cover Designer: Alan Clements
Managing Editor: Gina Kanouse
Project Editor and Proofreader: Chelsey Marti
Copy Editor: Keith Cline
Indexer: Lisa Stumpf
Compositor: Nonie Ratcliff
Manufacturing Buyer: Dan Uhrig

© 2008 by J.C. Larreche
Publishing as Wharton School Publishing
Upper Saddle River, New Jersey 07458

Wharton School Publishing offers excellent discounts on this book when ordered in quantity for bulk purchases or special sales. For more information, please contact U.S. Corporate and Government Sales, 1-800-382-3419, corpsales@pearsontechgroup.com. For sales outside the U.S., please contact International Sales at international@pearsoned.com.

Company and product names mentioned herein are the trademarks or registered trademarks of their respective owners.

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

Printed in the United States of America

First Printing March 2008

ISBN-10 0-13-236342-9

ISBN-13 978-0-13-236342-6

Pearson Education LTD.
Pearson Education Australia PTY, Limited.
Pearson Education Singapore, Pte. Ltd.
Pearson Education North Asia, Ltd.
Pearson Education Canada, Ltd.
Pearson Educación de México, S.A. de C.V.
Pearson Education—Japan
Pearson Education Malaysia, Pte. Ltd.

Library of Congress Cataloging-in-Publication Data

Larreche, Jean-Claude.

The momentum effect : how to ignite exceptional growth / Jean-Claude Larreche.
p. cm.

ISBN 0-13-236342-9 (hardback : alk. paper) 1. Industrial management—Handbooks, manuals, etc.
I. Title.

HD38.15.L37 2008
658.4'01—dc22

2007047718

Preface

Delivering profitable growth year after year is the number-one, non-negotiable imperative facing today's business leaders. Many firms struggle to meet it, others achieve it in fits and starts, but only a select few consistently exceed it—sometimes extravagantly. How do these world-beaters do it?

The answer lies in the *momentum effect*.¹

The momentum effect is a tremendously potent phenomenon by which, under specific conditions, exceptional organic growth is created—growth that feeds on itself. Momentum accumulates energy from its own success and provides ever-increasing acceleration for firms smart enough to build and harness it. These firms go from success to success, buoyed by a self-sustaining growth which sweeps all before them with disconcerting ease.

Momentum allows you to deliver exceptional growth without the stupendous efforts most firms are forced to make every day. It is this self-fueling characteristic of the growth produced by the momentum effect that leads us to call it *momentum growth* and to use the word *exceptional*. Momentum growth is exceptional for two reasons. First, because it is characterized by an exceptional *rate* of growth—exceptional, that is, compared to normal expectations based on history, market trends, or competition. Second, it offers an exceptional *quality* of growth, one that both generates higher profits and consumes fewer resources.

This book reveals evidence for the momentum effect, demonstrates how it works, and then offers you a pathway to harnessing its power.

The first inkling that a force such as momentum might explain some firms' exceptional growth occurred during my business studies at Stanford University. There, in the heart of Silicon Valley, I became fascinated by the way some businesses suddenly took off, experiencing

almost unimaginable growth, whereas others, with what appeared to be technologically superior offerings, sank without a trace. Since then, I have sought out the engines of growth that help companies to create superior value, aided in this endeavor by different teams over time. We began by investigating marketing excellence. We examined customer focus. We scrutinized innovation. Each of these is a useful tool with an undeniable impact on growth, but painful experience over the years has taught us that marketing excellence by itself does not create sustained growth any more than does customer focus or innovation in isolation. We discovered that momentum growth requires a delicate combination of a number of specific elements, working cooperatively and simultaneously. This combination can occur by chance or by design. But even with the best-laid plans, it can work its full magic only if it is executed within a special culture and under a certain type of leadership.²

The momentum that builds as a result is what drove the extraordinary performance of Microsoft, Wal-Mart, and Dell, momentum that then deserted them, and momentum they are struggling to recover. The same near-irresistible energy is powering Apple, Toyota, Virgin, First Direct, and Nintendo today. But if those companies fail to maintain it intelligently, they too could wake to find the momentum behind their growth deserting them. That's the tricky thing about momentum: It is transitory. Without constant care, its power will prove fleeting.

Momentum is dynamic. In business, success can vanish in a flash unless it is constantly renewed. Several of the firms we studied lost their momentum because their leaders failed to understand or nurture the drivers of this force. Many of the stories we tell are of firms that are no longer excellent. And, almost certainly, some of the companies whose praises we sing will lose their momentum all too soon. But all these firms have built momentum and ridden it for all it was worth, some of them for decades. The ability not only to build momentum but, more importantly, to retain your grip on it is one of this book's key takeaways.

After sketching out the first rough outlines of the momentum effect, we embarked on a systematic investigation to expand and refine our comprehension of how it worked. We confirmed its existence as a long-term phenomenon through an empirical study of the world's largest firms, examining their growth in revenues, profits, and shareholder value over 20 years. We conducted in-depth studies of a vast number of small and large firms that enjoyed periods of exceptional growth over the past 50 years. We have generally considered that if a company has sustained

this growth for at least ten years, the forces behind that growth were worth investigating—even if that growth has subsequently slumped. We often learned as much from the slump as we did from studying the initial growth. We have made exceptions to this ten-year rule only for recent ventures such as Skype, Nintendo's Wii, and Facebook. We used computerized simulations to replicate the phenomenon and to test different drivers of momentum. We advised client companies on specific aspects of momentum strategy, and tested their implementation.

What we learned was so wide-ranging that it would not sit comfortably within a single book, and we must leave many of our findings to subsequent publications. In these pages, we focus on a single purpose: to present a systematic approach for the design and execution of momentum strategy. This involves an eight-step process creating the specific conditions required to set the momentum effect in motion and to maintain it. This process integrates in a single framework a number of contributions that have emerged in the past decade, in academia and in business, mainly in the areas of customer focus, innovation, and marketing excellence.

Taken individually, each element of momentum strategy is very simple. It is part creativity, part business acumen, part psychology, and part simple common sense. You have to have smarts, not a Ph.D. Many entrepreneurs who created momentum for their firms and held it over several decades never completed university studies, either because of necessity or because they were impatient to go into business—Thomas Edison, Henry Ford, Steve Jobs, Luciano Benetton, Richard Branson, Michael Dell, and Bill Gates, to name a few.

But if the concepts are simple, successfully implementing a momentum strategy is challenging. “In strategy,” wrote Clausewitz, “Everything is very simple, but not on that account very easy.” This is keenly pertinent to momentum strategy, where the challenge is to first build and then maintain the balance that creates momentum and sustains it over time. For this, we offer a framework that assembles the pieces of the momentum-strategy puzzle into a coherent whole.

This book is divided into four parts. The first, *Discovering Momentum*, provides the evidence for the momentum effect and explains the phenomenon. It then presents the concepts of momentum strategy and demonstrates its role in value creation before describing a framework for momentum. Each of the eight steps of this momentum process is then examined over the two central parts of the book: *Designing Momentum* and *Executing Momentum*. The final part, *Total Momentum*, closes the loop. It

concentrates on the creation of internal momentum and on the leadership competences required to successfully implement momentum strategy and create exceptional growth.

Like sports, the business environment of today's globalized, hypercompetitive world will increasingly become divided into leagues. The top league will consist of momentum-powered businesses enjoying exceptional growth. All the others will be trying to play catch-up. Given the choice, wouldn't you prefer to spend your future in the excitement and accomplishments of the Momentum League? Our most sincere wish is that this book helps you to create and experience to the fullest the stimulation and rewards of momentum.

1

The Power of Momentum

Where's the Impetus?

Momentum. Most businesses get it at some point: the impression that everything they undertake succeeds effortlessly, as if they're being carried along by a tailwind that increases their efficiency and propels them on to exceptional growth.¹

Some hold on to it. Most don't. Slowly, imperceptibly, the tailwind turns around and the momentum disappears, without anyone quite realizing what has happened. The company is still growing, but not as strongly as before, not as efficiently. Everyone's maxing out, but it seems like there's molasses in the works. Sound familiar?

Sooner or later, it hits you in the face. Imagine you are meeting up with a senior analyst whose opinion counts with some of your company's biggest investors. You think you're on safe ground—after all, your company is doing better than the competition. But the analyst is in full gimlet-eyed, illusion-killing mode. “That's nothing to crow about,” she says. “Yeah, you've got reasonable growth, but it's nothing exceptional. You're a safe bet, nothing more. Okay, I might tell my mom to buy, but

then she's happy with inflation plus one. The way we see it, you're really grinding it out. We reckon the strain's getting harder, too. There's no impetus—no momentum.”

Words like that can really take the gloss off a day. The next time you gather your team, you don't congratulate them on beating their targets—you want more. Sure, our results are up, you say, but that's not enough—where's the impetus? When are we going to do something exceptional? With all the resources at your disposal, when are you going to start building some momentum?

The team members look at their papers. Then Paul, an anxious member of your team, looks up and says: “Okay. Got any ideas about how?” What are you going to say?

What's Holding Us Back?

This book sets out to answer one question: How can I find a way to deliver continuous, exceptional growth, year after year?

By *exceptional*, we mean exceptional relative to expectations: growth that sets you apart. In some high-technology markets, this might mean 60 percent. In others, 6 percent might really stand out from the crowd if the market average is just 3 or 4. What we are talking about is growth that puts serious distance between you and your competitors. That is what this book is offering. It shows you how to get the traction you need to make sure that none of your effort is being wasted—to make sure that it all goes toward delivering tangible results. It will help you break free from the grind.

After all, grind is what most businesses endure. Most firms that manage to deliver growth do it the hard way. Measures that improve profitability often hold back top-line growth, while measures that drive revenue growth require investments that can drag down profitability. As one foot starts to run, the other starts sinking in the mire. It's devilishly hard to get the balance right and break free: It seems that all you can do is keep pushing. Companies have to push sales forward with big marketing investments while at the same time harrying their employees to become more productive and nagging their suppliers and partners for better deals. Pushing is hard work—it's exhausting and it churns through resources.

We thought: “There just *has* to be a better way than this.” Some of our earlier work² showed that firms with certain shared characteristics were

delivering substantially better results than others. The performance of these firms suggested that, under certain conditions, there existed a phenomenon whereby growth could be achieved more efficiently. The disproportionately higher growth these firms delivered hinted at some hidden energy driving their growth—an energy that seemed to feed on itself without the need for excessive resources. Their progress has been natural, highly efficient, and realized with almost frictionless ease. Because they were not held back by the sheer weight of resources others were employing, they were able to get some speed up. They had momentum. We went looking to find out exactly what this momentum was and how these momentum-powered firms acquired it.

The insight came when we realized that if momentum was powering a firm's success, then its *relative* marketing spend should be decreasing. Contrary to conventional “spend money to make money” wisdom, our hunch was that firms with momentum achieved superior growth while spending a relatively smaller percentage of their revenue on marketing than those pursuing the traditional “push hard” methods.

To test our hypothesis, we investigated the effect of marketing investments on the long-term growth of large, established firms. We looked at the conduct and performance of well-known corporations among the world's 1,000 largest, covering a 20-year period from 1985 to 2004. We looked at these firms' marketing behavior and tracked the effect that changes in this behavior had on sales revenue, net earnings, and stock price.³

The results were astounding.

Pushers, Plodders, and Pioneers

We divided the firms into three groups according to how their marketing behavior could be described: Pushers, Plodders, and Pioneers. Because we were interested in the effect of extremes in marketing behavior, our three groups were divided in a 25:50:25 split. For simplicity, let us illustrate the results of our research with an example from one sector, the largest: consumer goods and services.⁴

The Pushers were those companies that pushed their businesses hard in the traditional way, seeking to drive sales through aggressive increases in relative marketing spend. In our rankings, these were the firms in the quartile showing the highest increases in their marketing-to-sales ratio over the 20-year period. This group, on average, increased its marketing-to-sales ratio by 3 percent over this time.

Then there were the Plodders. These were the firms grouped around the middle of our sample—fully half of those in the study. Their marketing-to-sales ratio remained more or less constant for 20 years. These middling firms stayed in the safety zone of past behavior and took no drastic action one way or the other.

Finally, there was the remaining quarter—those firms that were, either boldly or foolhardily, heading in the opposite direction from the Pushers, and decreasing their relative marketing spend. Taking these firms' average marketing-to-sales ratio, we see a 4 percent drop over the timeframe.

This 4 percent cut was made while competing against the Pushers who were plowing in a 3 percent rise. In other words, the Pioneers cut their relative marketing spend by seven points when compared to the competition. Given the preeminence that marketing spend has among the tools most firms use to drive growth, this is a big, big call. Would these unconventional firms, which we dubbed the Pioneers, discover other avenues to growth, or fall behind as a result of their foolhardiness?

We expected these three strategic behaviors to have an impact on the firms' performance in creating shareholder value. What was not expected was the size of that impact.⁵

When looking at the percentage change in shareholder value over the 20-year period of our three groups, as compared to the change in the Dow Jones Index,⁶ shown in Figure 1.1, we immediately see that remaining in the safety zone of stable marketing spend is not a viable option: The Plodders underperformed the stock market by 28 percent, achieving only 72 percent of the Dow Jones Index average growth.

As most analysts would have predicted, the highest increases in advertising ratio did produce significantly more shareholder value than did the Plodders' relatively stable marketing spend. Pushers managed, on average, to create shareholder value exactly in line with the evolution of the Dow Jones Index, thus demonstrating the soundness of the conventional faith in the power of active marketing spend to contribute to increasing shareholder value.⁷

What conventional analysis probably would *not* have predicted was the performance of the Pioneers. Despite having *decreased* their advertising-to-sales ratio, these momentum-powered companies created shareholder value 80 percent *above* the Dow Jones Index over the 20-year period. Eighty percent!

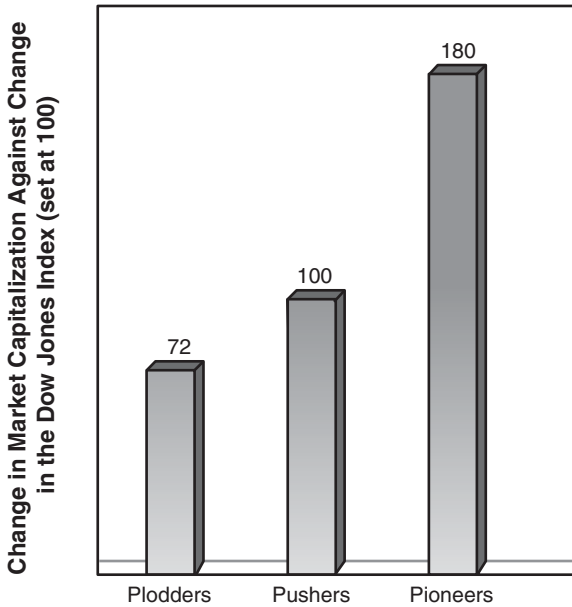


Figure 1.1 The three leagues, 1985–2004

As the limitations of the Plodders' inertia are obvious, let's leave them aside. Understanding the difference between the Pushers and the Pioneers—the “good” and the “great” in terms of growth in shareholder value—was both more challenging and more rewarding.

The first clue to the difference in the strategic behavior of these two groups appears in the top-line growth of the Pioneers, as shown in Figure 1.2. Over the 20-year period, using the Pushers' performance as a reference, the Pioneers' revenue growth was 93 percent better—almost twice as high. They achieved this massive revenue growth despite decreasing their advertising ratio. And remember: This is in comparison not to underperforming firms but to firms that actually matched the Dow Jones Index.

If we compare the *profitability* growth of these two groups, we can see that the Pioneers also did much better, with average earnings growth 58 percent superior to that of the Pushers.

A 58 percent advantage in earnings growth is very impressive, but it is noticeably smaller than the difference in revenue growth. Despite the Pushers' much poorer performance on revenue growth, *and* the fact that they were increasing their spending on marketing, they managed to claw back some lost ground: Their relative gap on earnings growth is less severe than one would expect. How did they manage that?

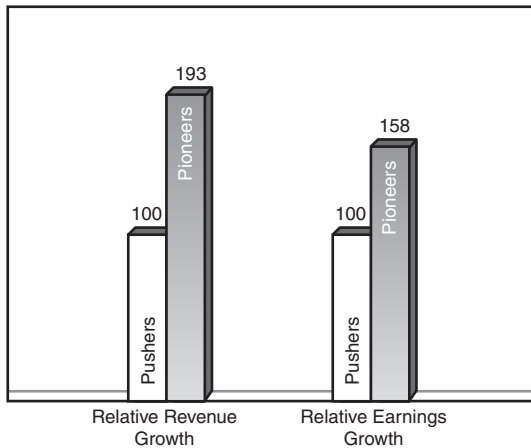


Figure 1.2 The two top leagues: Pushers vs. Pioneers, 1985–2004

They cut down on other costs, especially in manufacturing and R&D.⁸ These combined cuts and efficiency economies more than compensated for the increase in advertising-to-sales ratio, and enabled the Pushers to peg back some of the Pioneers' huge top-line advantage when it came to earnings growth. Despite this partial catch-up, there is little doubt about where one would like to invest or work when one compares these two types of companies. The stock market recognizes this: The share-price premium of Pioneers over Pushers—80 percent—is significantly higher than the differential in their earnings growth.

The bottom line: Although the combination of pushing hard with marketing investments and slashing other costs can deliver growth, the Pioneers' achievements demonstrates that there is a more creative, exciting, and smarter alternative that delivers even better results.

Obviously, it is not as simple as cutting the advertising-to-sales ratio. A straight cut in advertising would almost certainly result in a drop in growth. In fact, our study shows that the momentum-powered Pioneers

actually increased their total marketing expenditures in real terms. But while their marketing budgets were increasing, the proportion of their revenue that this expenditure represented was decreasing. In other words, because of the Pioneers' superior revenue growth, their advertising-to-sales ratio was coming down despite the fact that they were spending more.

In a world of increasing competition, marketing resources must also, inexorably, rise. But if they are to create sustainable, profitable growth, these expenditures must be invested in an effective manner. Compared to the Pushers, the Pioneers' increases in marketing investments were more effective: They got superior growth while reducing their marketing-to-sales ratio, thus improving profitability.

The question is: What was improving the efficiency of their marketing investments? This is not simply a case of great marketing, although marketing excellence is a key part of the mix. These firms achieved greater efficiency with their marketing because they found a different path to growth: They exploited the momentum effect. They created specific conditions that ignited an exceptional organic growth that feeds on itself: momentum growth.

We meet several firms that have managed to do this in the course of the following chapters. They come from domains as disparate as banking and ball bearings, but the central fact that unites them is this: It is their brains, not their muscle or money, that create the force to power them from success to success. They are momentum-powered firms.

Momentum-Powered Firms

The results of this research might seem counterintuitive at first sight, but they are perfectly logical. Too often, companies invest more in marketing to compensate for something: an inferior product, a poor pipeline of new products, deterioration of growth prospects, or a general lack of creativity.

Firms with such a limited vision compensate for their less-than-spectacular offers by pushing them on an unconvinced market using heavy-handed marketing resources. Even more compensation is required when, to fund this expensive marketing, they are forced to cut costs on the very activities that could improve the attractiveness of their offer: operations and R&D. This kind of behavior eats up resources and destroys firms from the inside out. These businesses will never build momentum. They are *momentum-deficient firms*.⁹

The Pioneers show there is an alternative. These momentum-powered firms don't have to push so hard because they have built up a momentum that improves their efficiency. Rather than just better-than-average growth, they deliver exceptional growth. Their growth is exceptional on two counts: It is both higher and more efficient.

Many of them manage to maintain their momentum for decades. Table 1.1 lists several, along with an estimate of the length of time during which they felt the momentum effect.¹⁰

Table 1.1 Momentum-powered firms

Firm	Years	Firm	Years
Apple	10	Nike	10
BMW	30	Rentokil	20
Dell	30	Sony	10
Enterprise Rent-A-Car	30	Starbucks	10
FedEx	30	SWA	10
First Direct	15	Swatch	10
IBM	50 plus 10	Tetra Pak	20
IKEA	20	Toyota	10
Johnson & Johnson	30	Virgin Atlantic	20
Microsoft	20	Wal-Mart	30

Of course, momentum can never be taken for granted. Even those firms that have managed to build their own wave and ride it to unimagined success can come crashing down through a moment's careless inattention. Fortunately, it can be regained, as the case of IBM shows—that is why we have noted that it enjoyed two separate periods of momentum: a prolonged spell in its early years under Tom Watson Sr. and Tom Watson Jr., and then the famous and oft-quoted recovery under Lou Gerstner.

We look at most of these firms throughout the book. Many of them are well known internationally. Others, such as Rentokil and First Direct, might not be. But all have enjoyed the power of the momentum effect. Indeed, we hope to convince you that momentum offers a more rounded explanation for their success—and, in some cases, subsequent fall from grace—than the usual explanations that you might have already encountered. If you think you've heard all there is to hear about oft-cited companies such as Microsoft, Apple, IBM Swatch, Wal-Mart, and Toyota, for example, read on—you might be surprised. And you might

also discover some new momentum-powered firms from whom important lessons can be learned.

Over the next two chapters, we examine the source of momentum and how to exploit it through a momentum strategy and the momentum process, but for now, let's just see what it looks like in action.

The Power of Momentum in Action

Wal-Mart and Toyota are two apparently dissimilar firms. They operate in two different industries and come from different countries and cultures. But they are two of the world's 15 richest companies, and each is number one in its own industry. More importantly, both got there by creating the conditions needed for the momentum effect to emerge. Although one has lost its momentum, the other is still in full swing.

Wal-Mart

Sam Walton launched his company with a focus on customers. What is remarkable is the way that this customer focus created exceptional growth and continued to power Wal-Mart for many years after it had become a major industry force. Whatever its current challenges—and there are many—for the better part of a generation Wal-Mart was a momentum-powered firm.

Sam Walton knew about retail, but his main asset was the fact that he knew about customers. His strength was this: He liked to listen to them and observe them, and he understood their needs. When he started out, he related deeply to a very specific kind of customer—people like him, people from the United States' rural South.

Walton's customer orientation made him aware of the potential of this region's smaller towns. In 1962, when Wal-Mart was launched, the standard wisdom held that large retail operations could not survive in towns with fewer than 100,000 residents. But Walton decided that this was where opportunity lay, and he deliberately opened stores only in small towns where there was no large-scale competition.

Walton understood that these customers would value his offering, that they would appreciate being able to shop locally, rather than making long journeys to larger towns. He also realized that these shoppers were worth more than they seemed. Although their wallets weren't as full as those of people in large cities, Wal-Mart was able to

command a higher share of their spending because there was no competition. The combination of cheaper premises, lower labor costs, no competition, and prices slightly higher than big-city competitors meant that Walton's customers were extremely profitable to service.¹¹

This winning combination gave Wal-Mart the traction it needed to start building momentum. As the firm mushroomed, it continued to improve all aspects of its operation, from customer service to supply chain and supplier relationships. Eventually, Wal-Mart was able to glean economies of scale in purchasing to achieve its mantra of "Every Day Low Price" (EDLP) and gain further momentum.

EDLP runs counter to traditional retail promotions that lure customers into stores, hoping that they'll also end up buying more expensive products. The famous expression to describe retail strategy in the days before Wal-Mart was "an island of losses in an ocean of profits." It was really an island of bait in an ocean of arrogance and customer abuse. It was akin to duck hunting—attracting customers the same way hunters attracted wild ducks with decoys.

With EDLP, Wal-Mart turned the relationship with customers upside down. It moved from duck hunting to a vibrant partnership. Wal-Mart's competitors, to their discomfort, failed to understand that, although EDLP was jargon on the surface, it expressed a strong, hidden emotional value deeply appreciated by customers: trust. This customer trust powered the company's growth for decades.

Unfortunately, momentum doesn't look after itself. There is a perception that Wal-Mart slowly began to pay less attention to many of the key drivers of its success—respect for employees, local communities, and suppliers—and began to lose its momentum as a result. Momentum is dynamic: Unless it is constantly nurtured, it will ebb away. However, the reward for that unstinting attention can be immense—it can make you number one in the world.

Toyota

When asked in May 2007 about the prospect of Toyota becoming the world's number-one car manufacturer, company president Katsuaki Watanabe refused to take even a minute to gloat about beating his competitors. "Rather than think about other companies," he said, "I feel that we must do our utmost to satisfy customers around the world. There is plenty left for us to do."¹² This simple statement, reflecting an

unswerving customer focus, demonstrates why companies like Toyota are able to develop a detailed and subtly nuanced understanding of customers—and why they are able to deliver better results.

It also shows that there is much more to Toyota's success than *Kaizen* and lean production. That is just the base: its excellence and efficiency at extracting value from its business. It is Toyota's ability to create new, original, and compelling value in the first place that drives its growth. Its secret is its ability to connect totally with customers' sense of self, to create products that are more than mere goods but complete, perfect, and compelling presentations of value. The Prius, for example, offers a package of utterly compelling value to environmentally aware city-dwellers: With its low carbon footprint, practicality for city driving, and celebrity association, it is more than just a car—it is a statement. The Lexus offers a totally different package of value to a totally different market, but the package is just as compelling, if you are part of its target market.

Consider the contrasting histories of the U.S. auto industry and Toyota. American car manufacturers are among the best illustrations of the limitations of the Pusher's strategy. They have given everything a try in terms of efficiency drives, but although they are now leaner, they are no fitter. They sought to drive top-line growth through expensive advertising as well as sales promotions to generate volume, along with deep discounts to move inventories of finished goods. These expensive tactics were needed to compensate for the failure of their products to really connect with customers.

Toyota, on the other hand, has become the world's largest and most profitable car manufacturer, riding a fantastic wave of momentum. Its success is based on a number of factors, but underlying its achievement is a deep understanding of its customers. First, Toyota proved that it could consistently deliver reliable, impeccably engineered automobiles. Once this crucial plateau had been achieved, it went on to innovate its range with cars that were somehow more than mere vehicles. Models like the Prius and the Lexus range appeared in their showrooms. Both of these cars connect on an emotional level with their drivers' self-image and aspirations—green and clean for the one, luxurious and status based for the other. This level of customer engagement did not happen by chance—it was the result of a focused, iterative process that created the conditions under which the momentum effect, and the efficient momentum growth it delivers, could flourish.

Join the Momentum League

We have spent many years focusing on the difference between the majority of ordinary firms and those few that deliver truly exceptional results.

Our research has shown that increases in marketing pressure can lead to significant profitable growth. The Pushers delivered good performance and matched the Dow Jones average over a 20-year period. But who wants average growth when there is a much better option?

The Pioneers—those momentum-powered firms that decreased their marketing-to-sales ratio—achieved revenue growth 93 percent greater than the Pushers. That is the sort of growth that gets companies noticed, that drives exceptional increases in value for all stakeholders.

How did they do it? By creating the conditions that are needed for the momentum effect to take place.

Ask yourself the question prompted by that meeting with a financial analyst at the beginning of this chapter: When are we going to start building some momentum? Momentum offers an easier, more efficient, and exceptional form of growth. But it requires the ambition to break free from the traditional reflex of using more resources to fuel it. The very things that seem to push you forward are holding you back. Momentum does not happen by chance. Nor can it simply be willed into existence. Achieving momentum requires an understanding of its source, and then the relentless application of a systematic process. It requires a momentum strategy.

Momentum leaders are not lucky—they are smart. They have discovered the source of momentum and, with it, the beginnings of a smarter way to exceptional growth. Managers often talk about “riding the wave.” Momentum leaders aren’t that passive. They live by this motto: First build your wave, *then* ride it.

Index

A

abusing customers, 76-77
acceleration of momentum
 by converting Desperados, 168
 impact of retention, 180-181
 three accelerator effects of
 engagement, 201-204
Adventurers, 184, 187
Advocates, 196-197
Aeron chair, 59
affective level, 157
Alcoa, 53-54
Allianz, 167
Amazon, 168, 196
ambient value, 205-206
ambition, 31-32, 144-145
 ambitious metrics, 163, 200
 “Top Box” ambition, 160-163
 importance of, 166
 M.P. Firms and, 44-45, 144
Apple, 10, 63
 iMac, 37
 iPhone, 25, 111-212
 iPod, 111
 BMW, 34
 docking stations in cars, 34-35
 marketing excellence, 27
 momentum strategy, 24-25
 iTunes, 24, 111

 momentum execution, 37-38
 retention, 178

Asimov, Isaac, 67
AstraZeneca, Prilosec, 148

B

Bain management consultancy, 200
Bangle, Chris, 112
behavior, constrained behavior,
 235-236
belonging, human nature, 197-198
Benetton, 209-210
bloggers, 199
BMW, 10, 35-36, 201
 BMW 5 Series
 BMW 525, 112
 compelling targets, 122
 power offers, 112
 compelling insights, 34
 customer insights, 36
Brain Age products, 75-76
Branson, Richard, 51
 momentum leadership, 249
 Hall of Fame of Five-Star Momentum
 Leaders, 253
broadcasting, human nature, 199
Burke, James E., 233
business impact of power offers,
 140-143

C

Carlzon, Jan, 153

cars, women, 69-70

Cemex, 82

chain reactions, power offers, 143

breaking cycle of weak offers,
146-147

virtuous circle of momentum,
143-145

Champions, 158-159, 184-185,
187, 196

Charan, Ram, 240

ClubMed, 233, 251

CML (chronic myelogenous
leukemia), 29

Coca-Cola, 18

Dasani, 72

cockroach, used to test emotional
customer value, 83

cola wars, 18

Commerce Bank, 56-58

listening discovery path, 58

communication, human nature,
199-200

compelling employee equity, 224

compelling employee insights,
221-222

compelling employee value, 223

compelling equity, 35, 89-107. *See*
also customer equity

boosting through engagement,
202-203

contrasted with other concepts, 91
defined, 91

developing understanding of, 96-97
tool for. *See* customer value wedge

lifetime value, 94-96

principles of, 106-107

transaction myopia, 92-94

compelling equity path to power
offers, 118-120

compelling insights, 34-35, 49-67.

See also customer insights

BMW, 34-35

exploration process, 60

enabling exploration, 63-65

guiding exploration, 60-63

exploring the world for, 65-67

IBM, 51

systematic discovery of, 54-56

Virgin Atlantic, 51-52

compelling propositions, 122-124

compelling targets, 122-125

compelling value, 35, 69-88. *See also*
customer value

boosting through engagement,
201-202

contrasted with "value proposition," 71
defined, 71

developing understanding of, 78-80

tool for. *See* customer value wedge
principles of, 87-88

compelling value path to power
offers, 115-118

compensating strategy, 26, 146

moving from compensating to
momentum strategy, 26-27

competitive spirit, 231

consistency, momentum leadership,
257-258

constrained behavior, 235-236

constrained initiative, 236

converting

as part of MDC action roadmap,
148-149

defecting customers, 190-192

dissatisfied customers, 168-171

for vibrant engagement, 210-212

corporate apathy, 57

cost-out, 116

creativity, 211

Credo, The, Johnson & Johnson, 234

crises, corporate reflexes in, 231

Johnson & Johnson, 232-234

Wal-Mart, 232

cross-selling, 141-142, 202. *See also*
self-adoption

culture. *See* momentum culture

customer acquisition, accelerator

effect of engagement, 203-204

- customer delight, 161
- customer engagement. *See* vibrant engagement
- customer engagement portfolio, 206-208
- customer equity, 91. *See also* compelling equity
- optimizing, 104-106
 - strategic view of, 102-104
 - tool to represent strategic impact of. *See* customer value map
 - transaction myopia, 92-94
- customer equity map, 102-104
- compelling equity, 105
 - inferior equity, 104
- customer equity wedge, 96-97
- emotional customer equity, 100-102
 - equity enhancers and destroyers, illustrated on, 101
 - financial customer equity, 97-98
 - functional customer equity, 98-99
 - intangible customer equity, 99-100
- customer insights, 35
- Alcoa, Fridge Pack, 53-54
 - Dassault, Falcon 7X, 54
 - 3M, Post-it Notes, 53
- customer lifetime value, 94-98
- as financial equity enhancer, 101
 - use to correct transaction myopia, 94-96
- customer myopia, 72
- customer profitability, 92
- customer recommendations, 142
- customer recovery, 169
- customer retention, 144. *See also* vibrant retention
- contrasted with vibrant retention, 176
 - metrics, 179
- customer retention portfolio, 184
- customer satisfaction. *See also* vibrant satisfaction
- contrasted with vibrant satisfaction, 154-155
 - emotions as drivers of satisfaction, 155-159
 - “dissatisfaction inside,” 155
 - metrics, 159-162
 - top box ambition, 160-162
 - principles for, 172
- customer spirit, 230
- customer traction, 32-33, 38
- building traction into power offers, 112-114
 - turning traction into momentum, 150
- customer value. *See also* compelling value
- customer myopia, 72
 - customers’ trade off of perceived costs and benefits, 73-74
 - tool to represent strategic impact of. *See* customer value map
 - how customers see value, 77-78
 - optimizing, 85-87
 - perception of value, importance of differences in, 70-71
- customer value map, 73-74
- compelling value, 74-76
 - inferior value, 76-77
- customer value wedge, 78-80
- applied to Wal-Mart, 117
 - emotional customer value, 83-84
 - financial customer value, 80-81
 - functional customer value, 81
 - increasing value, 84-87
 - intangible customer value, 82
- customer’s space, 21-22

D

- Dasani (Coca-Cola), 72
- Dassault, 54
- delighting customers
- as ambitious metric, 161
 - customer value map, 74-76
- Dell, 10, 61, 116
- Boeing, Dell’s relationship with, 105-106
 - growth with business customers, 119-120
 - illustrated with compelling equity path, 120
 - missed opportunity with printers, 106

optimizing customer equity, 105-106
understanding of customer value,
86-87

Dell, Michael, 86-87
Hall of Fame of Five-Star Momentum
Leaders, 253

design. *See* momentum design and
power offer design

Desperados, 158-159, 168, 176,
184-185, 196

**detecting, as part of MDC action
roadmap, 149**
sources of defection, 189-190
sources of dissatisfaction, 166-168
sources of vibrant engagement, 209

Detractors, 196-197

Digital Research, 16

discovery of compelling insights,
54-56

Disney Parks, 223

dissatisfaction,
“dissatisfaction inside,” 155-156
emotional driver of momentum,
147-148
transition from dissatisfaction to
defection, 175-176

Drucker, Peter, 240

Dunhill, 125

dynamic evolution of power offers,
137-140

E

EDLP (Every Day Low Price), 12

efficiency, 25
less is more, 27-28
limited potential to secure growth, 19
momentum growth, 25
new efficiency frontier, 25

**emotional elements of customer
equity, 100-102**

**emotional elements of customer
value, 77, 82-84**

emotions. *See also* human nature
impact on perceived value of
Microsoft’s products, 84

importance of intensity, 156-159
power offers, 147-148
transition from feeling to acting,
176-177

employee power offers, 224-225

end customers, 31

engagement, 195. *See also* vibrant
engagement
business value of, 201
boosted compelling equity, 202-203
boosted compelling value, 202
boosted customer acquisition,
203-204
human nature of, 197
belonging, 197-198
broadcasting, 199
mix of different levels of engagement,
206-208
tool for analyzing mix. *See* customer
engagement portfolio

engagement metrics, 200

Enterprise Rent-A-Car, 10, 161-162
“Top Box” satisfaction, 164

equity. *See* compelling equity *and*
customer equity

every day low price (EDLP), 12

exceptional growth, 28
defined, 4

execution. *See* momentum execution;
power offer execution

**exploration process (compelling
insights), 60**
enabling exploration, 63-65
exploring the world, 65-67
guiding exploration, 60-63

F

Facebook
engagement, 198
vibrant retention, 183

Falcon 7X (Dassault), 54

FedEx, 10

Ferrari, 204, 211

**financial elements of customer
equity, 97-98**

financial elements of customer value, 80-81
First Direct, 10, 109-111, 236
 converting unsatisfied customers, 170
 customer recommendations, 142
 employee power offers, 225
 engagement, 200
 internal momentum, 224
 power crafting, 125-126
 power offers, 111, 116, 127
 self-adoption, 203
 vibrant satisfaction, 162
Five-Star Momentum Leaders, 248-252
forced retention, 185-186
Ford, Henry, 22
 Hall of Fame of Five-Star Momentum Leaders, 253
Ford, 35
 Jaguar X-Type, 205
 Mondeo, 205
Four-Star Momentum Leaders, 245-248
freedom, human nature, 177-178
frequent-flyer programs, 186
Fridge Pack (Alcoa), 53-54
Friis, Janus, 38, 244
Fry, Arthur, 53
functional elements of customer equity, 98-99
functional elements of customer value, 81
functionality, 72

G

Gates, Bill, 15-16
 Hall of Fame of Five-Star Momentum Leaders, 253
Gerstner, Lou, 10, 49-50
 Hall of Fame of Five-Star Momentum Leaders, 253
Giraudy, Michel, 240, 250
Gladwell, Malcolm, 59, 99
Glaxo, 147

Gleevec, 30-31
 results of momentum, 31-32
GM Europe, Opel Astra GTC, 121
Goizueta, Roberto C., 253
Google, 236
growth. *See also* exceptional growth
 challenge to deliver, xv, 4
 impact of vibrant engagement on, 213-214
 limits on, 19
 mobilizing for, 23-24
 power of momentum to deliver, 140-143
 unlimited potential for, 19-20
Gucci, 125

H

happiness, 156
Harrah's Entertainment, 165
Harry Potter series, 195
Hewlett, Bill, 229
Hewlett-Packard, 106, 229
Hippel, Eric von, 201
Hughes, Alan, 110
human nature, 148
 engagement, 197
 belonging, 197-198
 broadcasting, 199
 internal momentum, 235-236
 retention, 177
 freedom, 177-178
 temptation, 178-179
 satisfaction, 155-159
 dissatisfaction, 155-156
 intensity of emotion, 156-158

I

IBM, 10, 15, 49-50
 compelling insights, 51
 power crafting, 139
 power offers, dynamic evolution of, 137-140
 value origination blind spot, 50-51

IKEA, 10, 82, 125, 223
“anti-bureaucrat weeks,” 222
compelling targets, 124

iMac (Apple), 37,

increasing customer value, 85-87

innovation
as intangible customer value, 82
core competency in momentum strategy, 21
impact of engaged customers on, 201
Virgin Atlantic and, 51-52

insight discovery matrix, 55
knowing-doing discovery path, 56-58
learning discovery path, 56-59
listening discovery path, 56-58
white discovery path, 56, 59-60

intangible elements of customer equity, 99-100

intangible elements of customer value, 82

intensity of emotion, as driver of vibrant satisfaction, 156-158

internal dissatisfaction, 156

internal momentum, 220-221
compelling employee equity, 224
compelling employee insights, 221-222
compelling employee value, 223
crises as test of corporate reflexes, 231
Johnson & Johnson, 232-234
Wal-Mart, 232
employee power offers, 224-225
human nature, 235-236
momentum leadership, 245, 247-248
principles of, 237
vibrant employee engagement, 227-228
vibrant employee retention, 226-227
vibrant employee satisfaction, 225-226
Wal-Mart, 219-220

iPhone (Apple), 25, 111, 212

iPod (Apple), 111
BMW, 34
docking stations in cars, 34-35

marketing excellence, 27
momentum strategy, 24-25

ISS, 223

iterative processes, 136

iTunes, 24, 111

J

Jaguar, X-Type, 205

JetBlue
converting unsatisfied customers, 170
engagement, 204

Jobs, Steve, 63
Hall of Fame of Five-Star Momentum Leaders, 253

John Lewis, employees as partners, 256

Johnson & Johnson, 10, 226
Credo, 234
“Tylenol crisis,” 232-234

Johnson, Robert Wood, 234

K

Kamprad, Ingvar, 124

Katsuaki, Watanabe, 12

Kawashima, Ryuta, 75

Kelleher, Herb
Hall of Fame of Five-Star Momentum Leaders, 253

Kets de Vries, Manfred, 240

Kildall, Gary, 15-16, 262

Killy, Jean-Claude, 240

Kim, Chan, 20

knowing-doing discovery path, 56-58

Kotter, John, 240

L

Lafley, A.G., 153
momentum leadership, 247-248

Land, Edwin H., 65

Layard, Richard, 156
 lead users, 201
 leaders, 14. *See also* momentum
 leadership
 learning discovery path, 56-59
 less is more, 27-28
 lifetime value. *See* customer
 lifetime value
 listening discovery path, 56-58
 Louis Vuitton, 81, 125
 Loyals, 176-187
 loyalty, 177-178, 186-187
 difference between loyalty and
 retention, 177, 186
 loyalty programs, 186

M

market power, 76
 marketers, 26
 marketing spend, relationship to
 exceptional growth, 5
 Pioneers, 6-9
 Plodders, 6-9
 Pushers, 5-9
 Marsh & McLennan, 76
 Maslow, Abraham, 155, 197
 Hierarchy of needs, 155-156, 197-198
 Mauborgne, Renée, 20
 MDC (mobilize, detect, convert)
 action roadmap, 148-150
 vibrant engagement, 208
 converting for, 210-212
 detecting sources of, 209
 mobilizing for, 208-209
 vibrant retention, 188
 converting defecting customers,
 190-192
 detecting sources of defection,
 189-190
 mobilizing for, 188-189
 vibrant satisfaction, 165
 converting unsatisfied customers,
 168-171

 detecting sources of dissatisfaction,
 166-168
 mobilizing for, 165-166
metrics
 engagement metrics, 200
 retention metrics, 179-180
 satisfaction metrics, 159-160
Microsoft, 10, 16
 Emotions behind perceived customer
 costs, 84
 Gates, Bill, 15
 vibrant satisfaction, 164
Mintzberg, Henry, 240
mobilizing, 148
 as part of MDC action roadmap, 149
 for growth, 23-24
 for vibrant engagement, 208-209
 for vibrant retention, 188-189
 for vibrant satisfaction, 165-166
moments of truth, 153-154
momentum
 as a new business model, 135-137
 business value of, 140-141, 143
 customer momentum, 243-245
 evidence for, 5-9
 internal momentum. *See* internal
 momentum
 leadership. *See* momentum leadership
 league, 14
 nature of, xvi
 power of, 11-13
 relative marketing spend as
 indicator, 5
 Pioneers, 6-9
 Plodders, 6-9
 Pushers, 5-9
 results of, 31-32
 systematizing, 44
momentum business model, 136-137
momentum culture, 228-230
 competitive spirit, 231
 customer spirit, 230
Momentum-Deficient firms, 9
momentum design, 33-38
 compelling equity, 35, 89-107

compelling insights, 34, 49-67
compelling value, 35, 69-88
power offer design, 36, 109-130
Skype, 38-41

momentum execution, 33-38
power offer execution, 133-151
Skype, 42-44
vibrant engagement, 37, 195-216
vibrant retention, 37, 175-193
vibrant satisfaction, 37, 153-173

momentum growth, xvi, 25
less is more, 27-28

momentum leadership, 240-241
five stars, 248-252
four stars, 245-248
principles for, 258-259
three stars, 243-245
tips for aspiring leaders, 252-253

momentum leadership ladder, 241-243

Momentum-Powered firms, 10-11.
See also Apple; BMW; Dell;
Enterprise Rent-A-Car; FedEx;
First Direct; IBM; IKEA;
Johnson & Johnson; Microsoft;
Nike; Novartis Oncology;
Rentokil; Skype; Sony;
Starbucks; SWA; Swatch;
Tetra-Pak; Toyota; Virgin
Atlantic; Wal-Mart

momentum strategy
defined, 17, 30
drivers of, 21
exploring customer's space, 21-22
mobilizing for growth, 23-24
power offers, 22-23
iPod, 24-25
moving from compensating, 26-27

more for less, 28

MS-DOS, 16

N

Napster, 24
Neeleman, David, 170

Nestlé, 202
Nexium, 148
Nike, 10
Nintendo
delighting customers, 74
financial customer equity, 98
Nintendo DS, 75
Nintendo Wii, 21
noncustomers, 64
Novartis Oncology, 10, 22, 29-31
Gleevec, 30-32
results of momentum, 31-32

O–P

Opel, Astra GTC, 121
optimizing customer equity, 104-106
optimizing customer value, 85-87

Packard, Dave, 229
paid-for value, 205-206
passive retention, 184-185
Pasteur, Louis, 34
patience, 263
Pepsi, 18
Pfizer, Viagra, 62
Pioneers, 6-9
Pixar, 63
Plodders, 6-9
Polaroid, 65
Porter, Michael, 19
Post-it Notes (3M), 53
potential, unlimited potential,
19-21, 262
unlocking, 28
power crafting, 121-127
power offers, 22-23, 91
business impact, 140-143
chain reactions, 143
breaking cycle of weak offers,
146-147
virtuous circle of momentum,
143-145
customer traction, 112-114
defined, 110-112

design, 109-132
 compelling equity path to, 118-120
 compelling proposition, 115-124
 compelling target, 118-125
 compelling value path to, 115-118
 power crafting, 123-127
 virtuous circle of power offer design,
 127-128
 emotions, 147-148
 employee power offers, 224-225
 examples, 10
 execution, 134
 dynamic evolution of power offers,
 137-140
 from product focus to value
 focus, 135
 implementing systematic action
 roadmaps, 148-150
 momentum as a new business model,
 135-137
 principles for design, 129
 principles for execution, 150-151
 traction, 150
 powerful images, 264
 price, 80-81
 Price, Robert, 231
 Prilosec (AstraZeneca), 148
 Prisoners, 185-186
 Procter & Gamble, 61, 153, 202
 momentum leadership, 247-248
 relationship with Wal-Mart, 245
 vibrant employee satisfaction, 225
 product focus, changing to value
 focus, 135
 Pushers, 5-9

Q–R

quality time
 point of, 256
 momentum leaders spending quality
 time, 256-257
 rationality, 72
 Ratner, Gerald, 242
 Red Bull, 210

Reichheld, Fred, 200
 Rentokil, 10, 89-90
 emotional customer equity, 100
 transaction myopia, 93
 Rentokil Initial, 90
 respect, momentum leadership,
 255-256
 results of momentum, Gleevec
 (Novartis), 31-32
 retail banking
 knowing-doing discovery path, 58
 learning discovery path, 59
 listening discovery path, 58
 white discovery path, 59
 retention. *See also vibrant retention*
 as compared to vibrant retention, 187
 business impact of, 180-182
 emotions, 177
 freedom, 177-178
 temptation, 178-179
 forced retention, 185-186
 metrics, 179-180
 passive retention, 184-185
 principles for, 192-193
 risk, impact of perceived risk, 82
 Roche, 245
 Rowling, J. K., 195
 Ruettgers, Michael, 23
 Runaways, 176-177, 184

S

satisfaction metrics, 159-160
 top box ambition, 160-162
 Scandinavian Airlines, 153
 Scion (Toyota), 23
 self-adoption, 202-203
 sense of urgency, 263
 Settlers, 184-185
 Shell Group, 250
 Shouldice Hospital, 211
 Silver, Spence, 53
 SKF, functional customer equity, 98

Skype, 142, 199
momentum design, 38-41
momentum execution, 42-44
momentum leadership, 244
SkypeOut, 40
SmithKline, Tagamet, 147
Sony, 10, 24
Walkman, 133-134
Southwest Airlines, 10, 236
customer lifetime value, 95
Spitzer, Eliot, 76
surveys, customer satisfaction, 160
Swatch, 10, 113-114
compelling proposition, 124
Switchers, 184-185
systematic action roadmaps. *See* MDC
systematic discovery of compelling insights, 54-56
systematizing momentum, 44

T

t-shirt effect, 204
Tagamet (SmithKline), 147, 156
Taylor, Andy, 161
Taylor, Jack, 161
Hall of Fame of Five-Star Momentum Leaders, 253
temptation, retention, 178-179
Tetra Pak, 10, 166-167
Thompson, Clive, 89-90
Three-Star Momentum Leaders, 243-245
3M Post-it Notes, customer insights, 53
time, impact on customer value, 82
timing, 263
tools
customer engagement portfolio, 207
customer equity map, 103
customer equity path to power offer design, 120
customer equity wedge, 97
customer retention portfolio, 184
customer value map, 73

customer value path to power offer design, 116
customer value wedge, 79
friction detection matrix, 167
insight discovery matrix, 55
MDC (mobilize, detect, convert)
action roadmap, 149
momentum execution matrix, 149-150
top box ambition, satisfaction metrics, 160-162
Toscani, Oliviero, 209-210
Toyota, 10, 12-13
Lexus, 13
Prius, 13
Scion, 23
Traction. *See* customer traction
transaction myopia, 92-94
correcting lifetime value, 94-96
truth, customer myopia, 72. *See also* moments of truth
“Tylenol crisis,” 232-234

U–V

unlimited potential, 19-21, 262
unlocking, 28
urgency, 263
Val d’Isere, 239, 251
value. *See also* compelling value
ambient value, 205-206
creating value, 17-19
defined, 17-18
how customers see value, 77-78
lifetime value, correcting transaction myopia, 94-96
paid-for value, 205-206
unlimited potential to create value, 19-21
value capture, 18-20
limited potential of, 19
value creation, 17-19
value delivery-based model, 135
value extraction, 18
limited potential of, 19

- value focus**, 135
value origination, 19
 momentum leadership, 253-254
 unlimited potential, 19
value origination blind spot
 IBM, 50-51
 Virgin Atlantic, 51-52
value proposition, 71. *See also*
 compelling equity; compelling proposition
Vasella, Dr. Daniel, 29-31, 227
Viagra (Pfizer), 62
vibrant employee engagement, 227-228
vibrant employee retention, 226-227
vibrant employee satisfaction, 225-226
vibrant engagement, 37, 144, 195-196, 204-205
 Advocates, 196-197
 Champions, 196
 competing in, 212-213
 Complainers, 206
 Desperados, 196
 Detractors, 196-197
 mix of customers, 206-207
 tool for tracking. *See* customer engagement portfolio
 principles of, 214-215
 richness of vibrant engagement, 204-205
 paid-for value and ambient value, 205-206
 strategies for, 208
 converting for vibrant engagement, 210-212
 detecting sources of engagement, 209
 mobilizing for vibrant engagement, 208-209
 Supporters, 206
vibrant retention, 37, 144, 182-184, 187. *See also* customer retention
 Adventurers, 184, 187
 Champions, 187
 compared to passive or forced retention, 184-187
 Desperados, 185
 Loyals, 176-177
 Prisoners, 184, 185-186
 quality of retention, 183, 187
 tool for tracking. *See* customer retention portfolio
 Runaways, 176-177
 Settlers, 184-185
 strategies for, 188
 converting defecting customers, 190-192
 detecting sources of defection, 189-190
 mobilizing for vibrant retention, 188-189
 Switchers, 184-185
vibrant retention portfolio, 184
vibrant satisfaction, 37, 144, 154-155, 162. *See also* customer satisfaction
 aiming for, 163-164
 Champions, 158
 Desperados, 158
 impact of, 162
 passive customers, 154, 158
 principles for, 172
 strategies for, 164
 converting unsatisfied customers, 168-171
 detecting sources of dissatisfaction, 166-168
 mobilizing for vibrant satisfaction, 165-166
Virgin Atlantic, 10
 converting unsatisfied customers, 170
 emotional customer equity, 100
 internal momentum, 223
 loyalty programs, 186
 momentum leadership, 249
 tailor on plane, 52
 value origination, 51-52
 vibrant employee engagement, 227
 vibrant retention, 187
Virgin Group, 51, 236
Volvo, YCC (Your Concept Car), 69-70

W–Z

Wal-Mart, 10, 11-12

- associates, 223
 - cheer, 230
 - compelling proposition, 124
 - customer value wedge, 117
 - internal momentum, 219-220, 227
 - momentum leadership, 254
 - consistency, 257-258
 - practicing momentum concepts
 - continuously, 254-255
 - quality time, 256-257
 - respect, 255-256
 - relationship with
 - Procter & Gamble, 254
 - struggles with international markets, 232
 - vibrant satisfaction, 164
- Walkman (Sony), 133-134**
- Walton, Sam, 11, 231, 253-254**
- canoeing trip with
 - Procter & Gamble, 254
 - Hall of Fame of Five-Star Momentum Leaders, 253

tips from

- commitment, 253-254
 - consistency, 257-258
 - practice, 254-255
 - quality time, 256-257
 - respect, 255-256
- Wanamaker, John, 26**
- Watson Jr., Tom, 10**
- Watson Sr., Tom, 10**
- Hall of Fame of Five-Star Momentum Leaders, 253
- Watts, Philip, 250, 256**
- Welch, Jack, 18**
- Weldon, William C., 226**
- white discovery path, 56, 59-60
- Whyville, 23**
- Wii (Nintendo), 21, 74**
- Wild, David, 232**
- Wilde, Oscar, 178**
- women, cars, 69-70
- YCC (Your Concept Car) (Volvo), 69-70**
- Zantac (Glaxo), 147**
- Zennström, Niklas, 38, 244**